

British East India Company

The British East India Company was a private corporation formed to trade with the wealthy kingdoms of Asia and was responsible for the British conquest of India. Driven by demand for profits and strengthened by English weapons, it gradually controlled more and more of India until virtually all of the subcontinent was under the company's control. The company's financial difficulties and bloody revolts eventually caused the British Crown to assume responsibility for governing India, resulting in the end of a private corporation that had assumed all the trappings of a government.

A group of London businessmen first petitioned Queen Elizabeth I for an exclusive charter to trade with the Orient in 1599. They were driven by the increasing demand in Europe for pepper and other spices, as well as fine fabrics, which could be obtained in India. Trade with India at the time was largely controlled by the Portuguese, who made enormous profits from it. The British East India Company was chartered in 1600, with an initial capital of £30,133. In 1601, five ships under Capt. James Lancaster were sent out with cloth, glass, lead, tin, and cutlery. In the first 15 years, the corporation made profits of more than 200%.

The East India Company had many rivals for such potential wealth. Battles were fought against the Portuguese, and East Indiamen, as the ships of the company were known, often had to battle their way through pirates and hostile forces in India. Trading posts and forts were established along the Indian coast, and soldiers were hired by the company to protect its interests. Gradually, more and more posts were established, and alliances were made with local rulers. At home in England, the East India Company survived financial downturns and wars. Both Oliver Cromwell and King Charles II supported it, realizing that the health of the company was good for Britain's economy.

During the 18th century, the East India Company's armies gradually occupied more and more of India, defeating the native princes through the use of

advanced European weapons. Under such commanders as Robert Clive, the company's armies defeated much larger Indian armies and expanded the company's holdings. By 1802, nearly all of India was under the control of the company or its native allies. The East India Company, formed as a joint-stock company to control trade with India, took on many of the trappings of a government. Courts were established, and laws to regulate trade were passed. The Indians were denied the right to hold offices and participate in their government.

By 1773, the East India Company, in spite of its great wealth, was virtually bankrupt because of the cost of the wars it had fought. The company asked the British government for aid and received the Regulating Act of 1773, which provided money for the company but also began a system of dual control over India between the East India Company and the British government. Gradually, the company lost its power in India. Its charter was renewed periodically, but each time it lost more and more privileges. In 1793, the British East India Company lost its monopoly over trade with India. By 1813, when its charter was renewed again, trade was completely thrown open to other parties.

Even after receiving government aid, finances continued to be a problem for the East India Company. The many wars that resulted in its control over most of India caused a staggering debt. Ten years of war ending in 1802, for example, had tripled the company's debt in London. In an effort to raise as much money as possible, contracts for payment of land revenue were raised to a high level. Many peasants were forced to leave their lands, and during the 1820s and 1830s India experienced a financial crisis. Taxes on the Indians were very high, and demands for such products as cotton cloth and indigo declined, causing a loss of revenue. Famine and unrest resulted.

Governor-General Lord William Cavendish Bentinck, who served between 1828 and 1836, instituted reforms to improve life for the Indians. He cut budgets and wages, in part by introducing Indians into the lower levels of administration, where they had been excluded by East India Company policy since the 18th century. Bentinck also stopped the constant expansion of areas under the

company's control, reducing military expenses. Under his leadership, many British reforms were introduced into Indian life. Such practices as widow-burning and human sacrifice were officially outlawed. Colleges, schools, and museums were introduced. Knowledge of Western medical science was spread through the country. Freedom of the press was instituted. Noted historian James Macaulay developed a code of law for use throughout the country. Education in English was mandated.

In 1833, the East India Company's charter to control India was renewed by the British Parliament, but the company's trade rights ceased. Instead, the company was to concentrate only on ruling India. Authority was vested in the governor-general and a council, with their decrees having the power of law. More expensive wars were undertaken in the 1840s to enlarge company holdings, and the governors general became more arbitrary in their dealings with their Indian princely allies. Although the company's administration of Indian affairs continued, it was clear that a private company could no longer rule India in place of a sovereign government. More than 200 million people were under the control of the company by 1854.

On April 22, 1854, the East India Company's charter expired. All property and liabilities were taken over by the British government. Stockholders received a guarantee of 10% dividends on their stock for the next 40 years. Soon afterward, the Indian Rebellion of 1857 broke out across India, which revealed the depth of resentment that the company had incurred among much of the population. Many Indians and British were killed before the revolt was put down. Direct control by the British government was instituted for the next 90 years until India received its independence in 1947.

The East India Company ruled large parts of India for more than 100 years. While blatant acts of imperialism were a part of the company's history, in seeking to establish uniform British authority over the many different principalities of the subcontinent, the company also laid important groundwork that future nationalists would build upon in their efforts to unify India.